FEDERAL RESERVE SYSTEM

The PNC Financial Services Group, Inc.
Pittsburgh, Pennsylvania

Order Approving the Merger of Bank Holding Companies

The PNC Financial Services Group, Inc. (“PNC”), a financial holding company within the meaning of the Bank Holding Company Act (“BHC Act”), has requested the Board’s approval under section 3 of the BHC Act[1] to merge with Mercantile Bankshares Corporation (“Mercantile”), Baltimore, Maryland, and acquire Mercantile’s 11 subsidiary banks.[2]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published in the Federal Register (71 Federal Register 69,132 (2006)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

PNC, with total consolidated assets of approximately $98 billion, is the 21st largest depository organization in the United States, controlling deposits of

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[1] 12 U.S.C. § 1842. PNC proposes to acquire the nonbanking subsidiaries of Mercantile in accordance with section 4(k) of the BHC Act, 12 U.S.C. § 1843(k).

[2] Mercantile’s largest subsidiary bank, as measured by both assets and deposits, is Mercantile-Safe Deposit and Trust Company (“Mercantile Lead Bank”), Baltimore, Maryland. Mercantile’s other subsidiary banks in Maryland are: The Annapolis Banking and Trust Company, Annapolis; The Citizens National Bank, Laurel; Farmers & Mechanics Bank, Frederick; Mercantile County Bank, Elkton; Mercantile Eastern Shore Bank, Chestertown; Mercantile Southern Maryland Bank, Leonardtown; and Westminster Union Bank, Westminster. Mercantile’s subsidiary banks in Virginia are Marshall National Bank and Trust Company, Marshall, and The National Bank of Fredericksburg, Fredericksburg. Its subsidiary bank in Delaware is Mercantile Peninsula Bank, Selbyville.

approximately $63.5 billion, which represent less than 1 percent of the total amount of deposits of depository institutions in the United States.[3] PNC owns two subsidiary insured depository institutions that operate in nine states and the District of Columbia,[4] and engages in numerous nonbanking activities that are permissible under the BHC Act. PNC is the 22nd largest depository organization in Maryland, controlling deposits of approximately $313.8 million.

Mercantile's subsidiary banks operate in Delaware, Maryland, Pennsylvania, Virginia, and the District of Columbia. In Maryland, Mercantile is the second largest depository organization, controlling deposits of approximately $11.1 billion.

On consummation of the proposal, PNC would become the 18th largest depository institution in the United States, with total consolidated assets of approximately $116 billion. PNC would control deposits of approximately $75 billion, which represent approximately 1.15 percent of the total amount of deposits of insured depository institutions in the United States. In Maryland, PNC would become the second largest depository organization, controlling deposits of approximately $11.4 billion, which represent approximately 12.3 percent of state deposits.

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[3] Nationwide asset data are as of September 30, 2006. Nationwide deposit and ranking data are as of June 30, 2006, and reflect merger activity through November 14, 2006. In this context, insured depository institutions include commercial banks, savings banks, and savings associations.

[4] PNC's largest subsidiary bank, as measured by total deposits, is PNC Bank, National Association ("PNC Lead Bank"), Pittsburgh, Pennsylvania, which operates in Florida, Indiana, Kentucky, Maryland, New Jersey, Ohio, Pennsylvania, Virginia, and the District of Columbia. PNC's other subsidiary bank, PNC Bank, Delaware ("PNC Delaware Bank"), Wilmington, Delaware, has branches in Delaware and Pennsylvania.

Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of such bank holding company if certain conditions are met. For purposes of the BHC Act, the home state of PNC is Pennsylvania,[5] and Mercantile is located in Delaware, the District of Columbia, Maryland, Pennsylvania, and Virginia.[6]

Based on a review of all the facts of record, including relevant state and District of Columbia statutes, the Board finds that the conditions for an interstate acquisition enumerated in section 3(d) of the BHC Act are met in this case.[7] In light of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

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[5] A bank holding company's home state is the state in which the total deposits of all subsidiary banks of the company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. 12 U.S.C. § 1841(o)(4)(C).

[6] For purposes of section 3(d), the Board considers a bank to be located in the states in which the bank is chartered or headquartered or operates a branch. 12 U.S.C. §§ 1841(o)(4)-(7) and 1842(d)(1)(A) and (d)(2)(B).

[7] 12 U.S.C. §§ 1842(d)(1)(A)-(B) and 1842(d)(2)(A)-(B). PNC is adequately capitalized and adequately managed, as defined by applicable law. All of Mercantile's subsidiary banks have been in existence and operated for the minimum period of time required by applicable state and District of Columbia laws. On consummation of the proposal, PNC would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States and less than 30 percent of the total amount of deposits of insured depository institutions in Delaware, Maryland, Pennsylvania, Virginia, and the District of Columbia. All other requirements of section 3(d) of the BHC Act would be met on consummation of the proposal.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant banking market. The BHC Act also prohibits the Board from approving a bank acquisition that would substantially lessen competition in any relevant banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[8]

PNC and Mercantile have subsidiary depository institutions that compete directly in four banking markets: Sussex County, Delaware; York, Pennsylvania; Wilmington in Delaware and Maryland; and Washington in Maryland, Virginia, West Virginia, and the District of Columbia. The Board has reviewed carefully the competitive effects of the proposal in each of these banking markets in light of all the facts of record. In particular, the Board has considered the number of competitors that would remain in the markets, the relative shares of total deposits in depository institutions in the markets ("market deposits") controlled by PNC and Mercantile,[9] the concentration level of market deposits

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[8] 12 U.S.C. § 1842(c)(1).

[9] Deposit and market share data are as of June 30, 2006, adjusted to reflect mergers and acquisitions through January 19, 2007, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386, 387 (1989); National City Corporation, 70 Federal Reserve Bulletin 743, 744 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50 percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52, 55 (1991).

and the increase in this level as measured by the Herfindahl-Hirschman Index ("HHI") under the Department of Justice Merger Guidelines ("DOJ Guidelines"),[10] and other characteristics of the markets.

A. Banking Markets Within Established Guidelines

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Guidelines in three of the four banking markets.[11] On consummation of the proposal, the Washington market and the York market would remain moderately concentrated, and the Wilmington market would remain highly concentrated**,** as measured by the HHI. The changes in the HHI measure of concentration in each of these markets are small. Moreover, numerous competitors would remain in each of the three banking markets.

B. Banking Market Warranting Special Scrutiny

PNC and Mercantile compete directly in one banking market that warrants a detailed review, Sussex County, Delaware,[12] because the post-consummation concentration level would exceed the thresholds of the

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[10] Under the DOJ Guidelines, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. The Department of Justice ("DOJ") has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The DOJ has stated that the higher-than-normal HHI thresholds for screening bank mergers and acquisitions for anticompetitive effects implicitly recognize the competitive effects of limited-purpose and other nondepository financial entities.

[11] These markets, and the effects of the proposal on the concentration of banking resources in these markets, are described in Appendix A.

[12] The Sussex County banking market is defined as Sussex County, Delaware, excluding the city of Milford.

DOJ Guidelines. In the Sussex County banking market, PNC is the fourth largest depository organization, controlling deposits of approximately $257.3 million, which represent approximately 9.8 percent of market deposits. Mercantile is the second largest depository organization in the market, controlling deposits of $426.3 million, which represent approximately 16.2 percent of market deposits. On consummation of the proposal, PNC would become the second largest depository organization in the market, controlling deposits of approximately $683.6 million, which represent approximately 26.0 percent of market deposits. The HHI would increase 317 points to 2010.[13]

The Board has considered carefully whether other factors either mitigate the competitive effects of the proposal or indicate that the proposal would have a significantly adverse effect on competition in the market. The number and strength of factors necessary to mitigate the competitive effects of a proposal depend on the size of the increase and the resulting level of concentration in a banking market.[14]

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[13] These market concentration and market share calculations include the weighting of deposits controlled by three thrift institutions in the market at 100 percent. The Board previously has indicated that it may consider the competitiveness of a thrift institution at a level greater than 50 percent of its deposits when appropriate if competition from the institution closely approximates competition from a commercial bank. See, e.g., Banknorth Group, Inc., 75 Federal Reserve Bulletin 703 (1989). The thrifts in the Sussex County banking market serve as significant sources of commercial loans and provide a broad range of consumer, mortgage, and other banking products. These thrifts have ratios of commercial and industrial loans to assets of approximately 14.9 percent, 7 percent, and 5.5 percent, which are comparable to the national average for all commercial banks. Competition from these thrift institutions, therefore, closely approximates competition from commercial banks. See First Union Corporation, 84 Federal Reserve Bulletin 489 (1998).

[14] See NationsBank Corporation, 84 Federal Reserve Bulletin 129 (1998).

Several factors indicate that the increase in concentration, as measured by the HHI, overstates the potential anticompetitive effect of the proposal in the Sussex County market. After consummation of the proposal, 16 other depository organizations would continue to operate in the market.

In addition, the Board has concluded that the activities of two community credit unions in the market exert sufficient competitive influence to mitigate, in part, the potential adverse competitive effects of the proposal. Both credit unions offer a wide range of consumer products, operate street-level branches, and have membership open to almost all the residents in the market.[15] These active community credit unions control approximately $185.3 million of deposits in the market, which represents approximately 3.4 percent of market deposits on a 50 percent weighted basis. If these credit unions were factored into the market calculations on a 50 percent weighted basis, PNC would control approximately 25.2 percent of market deposits on consummation of the proposal, and the HHI would increase 296 points to 1885.[16]

Moreover, the record of entry into the Sussex County banking market evidences its attractiveness for entry. The Board notes that three depository institutions have entered the market de novo since 2003. Other factors indicate that the market remains attractive for entry. From 1999 to 2004, the market's annualized population growth substantially exceeded the annualized population

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[15] The Board previously has considered the competitiveness of similarly active credit unions as a mitigating factor. See, e.g., Wachovia Corporation, 92 Federal Reserve Bulletin C183 (2006); F.N.B. Corporation, 90 Federal Reserve Bulletin 481 (2004); Gateway Bank & Trust Co., 90 Federal Reserve Bulletin 547 (2004).

[16] Before consummation of the proposal, with deposits of these credit unions weighted at 50 percent, PNC would be the fourth largest depository organization in the market, with approximately 9.5 percent of market deposits, and Mercantile would be the second largest depository organization in the market, controlling approximately 15.7 percent of market deposits.

growth for Delaware as a whole, and the market's annualized income growth also exceeded the annualized income growth for the entire state.

C. Views of Other Agencies/Conclusion on Competitive Considerations

The DOJ has conducted a detailed review of the potential competitive effects of the proposal and has advised the Board that consummation of the transaction would not likely have a significantly adverse effect on competition in any relevant banking market. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in any of the four banking markets where PNC and Mercantile compete directly or in any other relevant banking market. Accordingly, the Board has determined that competitive considerations are consistent with approval.

Financial, Managerial, and Supervisory Considerations

Section 3 of the BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and depository institutions involved in the proposal and certain other supervisory factors. The Board has considered these factors in light of all the facts of record, including confidential reports of examination and other supervisory information received from the federal and state supervisors of the organizations involved in the proposal, publicly reported and other financial information, information provided by PNC, and public comments received on the proposal. [17]

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[17] One commenter expressed concern about press reports regarding the theft of a laptop computer containing data about some of Mercantile Lead Bank's customers. In response to the security breach, Mercantile Lead Bank notified potentially affected customers, monitored customer accounts for suspicious activities, and

In evaluating financial factors in expansion proposals by banking organizations, the Board reviews the financial condition of the organizations involved on both a parent-only and consolidated basis, as well as the financial condition of the subsidiary banks and significant nonbanking operations. In this evaluation, the Board considers a variety of information, including capital adequacy, asset quality, and earnings performance. In assessing financial factors, the Board consistently has considered capital adequacy to be especially important. The Board also evaluates the financial condition of the combined organization at consummation, including its capital position, asset quality, and earnings prospects, and the impact of the proposed funding of the transaction.

The Board has considered carefully the proposal under the financial factors. PNC, all its subsidiary banks, and all Mercantile's subsidiary banks currently are well capitalized and would remain so on consummation of the proposal. Based on its review of the record, the Board finds that PNC has sufficient financial resources to effect the proposal. The proposed transaction is structured as a partial share exchange and partial cash purchase of shares. PNC will use existing resources and the proceeds of a trust-preferred securities issuance and long-term debt to fund the cash purchase of the shares.

The Board also has considered the managerial resources of the organizations involved and the proposed combined organization. The Board has reviewed the examination records of PNC, Mercantile, and their subsidiary banks, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered its supervisory experiences and those of the other relevant banking supervisory agencies with the organizations

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offered customers credit-monitoring services at bank expense. Mercantile and PNC have policies and procedures in place to address data protection and data breaches, as well as to safeguard customer information.

and their records of compliance with applicable banking law, including anti-money laundering laws.[18] The Board also has considered PNC's plans for implementing the proposal, including the proposed management after consummation.

Based on all the facts of record, the Board has concluded that considerations relating to the financial and managerial resources and future prospects of the organizations involved in the proposal are consistent with approval, as are the other supervisory factors under the BHC Act.

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board also must consider the effects of the proposal on the convenience and needs of the communities to be served and take into account the records of the relevant insured depository institutions under the Community Reinvestment Act ("CRA").[19] The CRA requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation, and requires the appropriate federal financial supervisory agency to take into account a relevant depository institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, in evaluating bank expansionary proposals.[20]

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[18] A commenter reiterated its past criticism of PNC's acquisition of Riggs National Corporation ("Riggs"), Washington, D.C., in 2005, without providing any new information. The commenter previously submitted extensive comments on PNC's application to acquire Riggs, and the Board considered those comments in acting on that proposal. See The PNC Financial Services Group, Inc., 91 Federal Reserve Bulletin 424 (2005).

[19] 12 U.S.C. § 2901 et seq.; 12 U.S.C. § 1842(c)(2).

[20] 12 U.S.C. § 2903.

The Board has considered carefully all the facts of record, including reports of examination of the CRA performance records of the subsidiary banks of PNC and Mercantile, data reported by PNC and Mercantile under the Home Mortgage Disclosure Act ("HMDA"),[21] other information provided by PNC, confidential supervisory information, and public comments received on the proposal. A commenter alleged, based primarily on 2005 HMDA data, that PNC and Mercantile engaged in discriminatory treatment of minority individuals in the home mortgage lending operations of their subsidiary depository institutions.

A. CRA Performance Evaluations

As provided in the CRA, the Board has evaluated the convenience and needs factor in light of the evaluations by the appropriate federal supervisors of the CRA performance records of the insured depository institutions of PNC and Mercantile. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.[22]

PNC Lead Bank received an "outstanding" rating at its most recent CRA performance evaluation by the Office of the Comptroller of the Currency ("OCC"), as of April 15, 2002. PNC Delaware Bank also received an "outstanding" rating at its most recent CRA evaluation by the Federal Deposit Insurance Corporation ("FDIC"), as of January 21, 2003. Mercantile Lead Bank received a "satisfactory" rating at its most recent CRA performance evaluation by the FDIC, as of April 19, 2004. Each of Mercantile's other subsidiary banks

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[21] 12 U.S.C. § 2801 et seq.

[22] See Interagency Questions and Answers Regarding Community Reinvestment, 66 Federal Register 36,620 at 36,640 (2001).

received a "satisfactory" rating at its most recent CRA performance evaluation.[23] PNC has represented that it plans to implement its current CRA program at Mercantile's subsidiary banks.

B. HMDA and Fair Lending Record

The Board has carefully considered the fair lending records and HMDA data of PNC and Mercantile in light of public comments received on the proposal. A commenter alleged, based on 2005 HMDA data, that PNC denied the home mortgage loan applications of African-American borrowers more frequently than those of nonminority applicants in various metropolitan statistical areas ("MSAs"). The commenter also alleged that Mercantile denied the home mortgage loan applications of African-American and Hispanic borrowers more frequently than those of nonminority applicants in various states and made inadequate numbers of loans to African Americans and Hispanics. The Board has focused its analysis on the 2005 HMDA data reported by PNC Lead Bank and by each of Mercantile's subsidiary banks.[24]

Although the HMDA data might reflect certain disparities in the rates of loan applications, originations, and denials among members of different racial or ethnic groups in certain local areas, they provide an insufficient basis by themselves on which to conclude whether or not PNC or Mercantile are excluding or imposing higher costs on any group on a prohibited basis. The Board recognizes that HMDA data alone, even with the recent addition of pricing

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[23] Appendix B lists the most recent CRA performance ratings of these banks.

[24] The Board reviewed the HMDA data for PNC Lead Bank in the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA; in the Pittsburgh, Pennsylvania, MSA; and in its CRA assessment areas. In addition, the Board reviewed the HMDA data reported by each of Mercantile's subsidiary banks in its respective CRA assessment areas.

information, provide only limited information about the covered loans.[25] HMDA data, therefore, have limitations that make them an inadequate basis, absent other information, for concluding that an institution has engaged in illegal lending discrimination.

The Board is nevertheless concerned when HMDA data for an institution indicate disparities in lending and believes that all lending institutions are obligated to ensure that their lending practices are based on criteria that ensure not only safe and sound lending but also equal access to credit by creditworthy applicants regardless of their race or ethnicity. Because of the limitations of HMDA data, the Board has considered these data carefully and taken into account other information, including examination reports that provide on-site evaluations of compliance with fair lending laws by PNC, Mercantile, and their subsidiaries. The Board also has consulted with the OCC and FDIC, respectively, about the fair-lending compliance records of PNC Lead Bank and Mercantile Lead Bank.

The record, including confidential supervisory information, indicates that PNC and Mercantile have taken steps to ensure compliance with fair lending and other consumer protection laws. PNC and Mercantile each has a fair-lending compliance program that includes a second review process, and periodic self-assessments utilizing comparative file reviews to identify any discriminatory

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[25] The data, for example, do not account for the possibility that an institution's outreach efforts may attract a larger proportion of marginally qualified applicants than other institutions attract and do not provide a basis for an independent assessment of whether an applicant who was denied credit was, in fact, creditworthy. In addition, credit history problems, excessive debt levels relative to income, and high loan amounts relative to the value of the real estate collateral (reasons most frequently cited for a credit denial or higher credit cost) are not available from HMDA data.

practices with respect to the companies' home mortgage lending. In addition, PNC and Mercantile each have a process for resolving fair lending complaints, and each conducts periodic internal audits of its fair lending program. Both companies also require employees to complete fair-lending training sessions. PNC has represented that Mercantile's current fair-lending compliance program initially would remain in place at Mercantile's subsidiary banks after consummation of the proposal, but it would be replaced by PNC's fair-lending compliance program later in 2007 after Mercantile's subsidiary banks are merged into PNC's subsidiary banks.

The Board also has considered the HMDA data in light of other information, including the programs described above and the overall performance records of the subsidiary banks of PNC and Mercantile under the CRA. These established efforts and records demonstrate that the institutions are active in helping to meet the credit needs of their entire communities.

C. Conclusion on Convenience and Needs and CRA Performance

The Board has considered carefully all the facts of record, including reports of examination of the CRA records of the institutions involved, information provided by PNC, comments received on the proposal, and confidential supervisory information. PNC represented that the proposal will result in greater convenience for PNC and Mercantile customers through a larger branch network and a broader variety of products and services. Based on a review of the entire record, and for the reasons discussed above, the Board concludes that considerations relating to the convenience and needs factor and the CRA performance records of the relevant insured depository institutions are consistent with approval.

Conclusion

Based on the foregoing and all the facts of record, the Board has determined that the application should be, and hereby is, approved.[26] In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act. The Board's approval is specifically conditioned on compliance by PNC with the conditions imposed in this order and the commitments made to the Board in connection with the application. For purposes of this action, the commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

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[26] A commenter requested that the Board hold a public meeting or hearing on the proposal. Section 3 of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authority for any of the banks to be acquired makes a timely written recommendation of denial of the application. The Board has not received such a recommendation from any appropriate supervisory authority. Under its rules, the Board may, in its discretion, hold a public meeting or hearing on an application to acquire a bank if a meeting or hearing is necessary or appropriate to provide an opportunity for testimony or other presentations. 12 CFR 225.16(e), 262.3(i)(2), 262.25(d). The Board has considered carefully the commenter's request in light of all the facts of record. In the Board's view, the commenter had ample opportunity to submit comments on the proposal and, in fact, submitted written comments that the Board has considered carefully in acting on the proposal. The request fails to demonstrate why written comments do not present its views adequately or why a meeting or hearing otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public hearing or meeting is not required or warranted in this case. Accordingly, the request for a public hearing or meeting is denied.

The proposed transaction may not be consummated before the fifteenth calendar day after the effective date of this order, or later than three months after the effective date of this order unless such period is extended for good cause by the Board or the Federal Reserve Bank of Cleveland, acting pursuant to delegated authority.

By order of the Board of Governors,[27] effective February 15, 2007.

(signed)

Robert deV. Frierson
Deputy Secretary of the Board

[27] Voting for this action: Chairman Bernanke, Vice Chairman Kohn, and Governors Bies, Warsh, Kroszner, and Mishkin.

Appendix A

PNC/Mercantile Banking Markets Consistent with Board Precedent and DOJ Guidelines

Data are as of June 30, 2006, and adjusted to reflect mergers and acquisitions through January 19, 2007. All deposit amounts are in thousands of dollars. All rankings, market deposit shares, and HHIs are based on thrift deposits weighted at 50 percent.

Wilmington Banking Market in Delaware and Maryland

Wilmington – Includes New Castle County, Delaware, and Cecil County, Maryland.

	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
PNC Pre-Consummation	2	1,790,381	13.3	2616	+ 68	21
Mercantile	7	344,617	2.6			
PNC Post-Consummation	2	2,134,998	15.8			

Washington Banking Market in the District of Columbia, Maryland, Virginia, and West Virginia

Washington – Includes the Ranally Metro Area ("RMA") of Washington, DC-MD-VA-WV; the non-RMA portions of Calvert, Charles, Frederick, and St. Mary's Counties in Maryland and Fauquier and Loudon Counties in Virginia; Jefferson County, West Virginia; and the Virginia independent cities of Alexandria, Fairfax, Falls Church, and Manassas.

	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
PNC Pre-Consummation	8	2,943,750	2.8	1026	+ 25	83
Mercantile	7	4,616,421	4.5			
PNC Post-Consummation	6	7,560,171	7.3			

York Banking Market in Pennsylvania						
York – Includes Adams and York Counties.						
	Rank	**Amount of Deposits**	**Market Deposit Shares (%)**	**Resulting HHI**	**Change in HHI**	**Remaining Number of Competitors**
PNC Pre-Consummation	10	279,184	4.5	1036	+ 1	15
Mercantile	17	6,973	.1			
PNC Post-Consummation	10	286,157	4.6			

Appendix B

CRA Performance Evaluations of Mercantile
Bankshares Corporation's Other Banks

Bank	CRA Rating	Date	Supervisor
1. The Citizens National Bank, Laurel, Maryland	Satisfactory	February 2005	OCC
2. The National Bank of Fredericksburg, Fredericksburg, Virginia	Satisfactory	September 2002	OCC
3. Marshall National Bank and Trust Company, Marshall, Virginia	Satisfactory	April 2005	OCC
4. Mercantile Peninsula Bank, Selbyville, Delaware	Satisfactory	June 2005	FDIC
5. Mercantile Southern Maryland Bank, Leonardtown, Maryland	Satisfactory	January 2005	FDIC
6. Westminster Union Bank, Westminster, Maryland	Satisfactory	March 2004	FDIC
7. Mercantile County Bank, Elkton, Maryland	Satisfactory	May 2005	FDIC

8. Mercantile Eastern Shore Bank, Chestertown, Maryland	Satisfactory	October 2004	FDIC
9. Farmers & Mechanics Bank, Frederick, Maryland	Satisfactory	November 2005	FRB
10. The Annapolis Banking and Trust Company, Annapolis, Maryland	Satisfactory	April 2005	FRB